

Ms. Asha-Rose Migiro, Deputy Secretary-General  
Executive Secretaries of Regional Commissions  
Honourable Ministers  
Excellencies  
Distinguished Ladies and Gentlemen

I am pleased to have the opportunity to say a few words today at the launch of the joint publication by the five UN Regional Commissions on “The Global Economic and Financial Crisis: Regional Impact, Responses and Solutions”. The publication underscores the excellent spirit of collaboration between the Regional Commissions but it also shows that the global economic and financial crisis has had an impact across all regions, albeit with differences in scale and in scope for remedial action.

An initially sanguine view that the crisis would have a limited impact on Africa because of the limited integration of its financial system into global financial markets has proved not to be the case. Instead the impact of the crisis has been rather severe and the African region is grappling to cope with the effects of the crisis such as stalled growth and the likely reversal of recent socio-economic gains. This is now clearly evident from the slowdown of growth, weakening currencies, reduced investment flows, declining stockmarket indices, sharply reduced commodity exports, remittances and tourism receipts.

ECA’s contribution to the joint publication contains fuller details of these effects but allow me to highlight some of them.

- **Growth and wealth effects.** Our assessment indicates that in 2009 the crisis will reduce growth in Africa by between 2 and 4 percentage points depending on assumptions made and also reflecting the different economic situation of African countries. The crisis has also had significant wealth effects with stock market indices in bigger African economies countries witnessing substantial declines since the onset of the crisis.
- **Export earnings.** African countries are highly dependent on commodity exports and both agricultural and mineral exports have experienced sharp fall in prices. Export volumes have also declined leading to decrease in export earnings, a major source of development finance in the continent.
- **Capital inflows.** Prior to the crisis, some African countries successfully issued bonds in international capital market but this source of external finance has since dried up and there is now an increase in risk premiums facing African countries in international capital markets. Similarly, recent forecasts indicate that remittance inflows into Sub-Saharan Africa in 2009 may fall by 5-10% of 2008 levels.
- **Social impact.** Perhaps the most worrying concern arising from the crisis is its effect on poverty and the attainment of the other MDGs. Available studies indicate that in 2009, the number of unemployed people in Sub-Saharan Africa will increase by 3 million relative to the 2007 figure. The social effects of the crisis will be particularly hard felt in Africa because there are little or no mechanisms to cushion the effect on ordinary people such as unemployment benefits or social security arrangements.

African countries have taken several steps to mitigate the impact of the financial crisis on their economies. These include interest rate reductions, recapitalization of financial institutions, measures to increase liquidity to banks and firms, fiscal stimulus, trade policy changes, and regulatory reforms. The recently concluded Joint Annual Meeting of the African Union Conference of Ministers of Finance and Economy and ECA Conference of Ministers of Finance, Planning and Economic Development which took place in Cairo, Egypt earlier this month addressed the options available to Africa for responding to the crisis through the perspective of "Enhancing the Effectiveness of Fiscal Policy for Domestic Resource Mobilization".

Prior to now, policy conditionalities, issues of creditworthiness and reliance on a limited resource base had constrained the innovative use of fiscal policy as a catalyst for growth and development. The available options for action will differ from country to country depending on available fiscal space and the extent of their vulnerability to the crisis but there is now a greater willingness to explore options for counter-cyclical policies through innovative mechanisms. For example, in addition to the proposal of a Global Vulnerability Fund derived from 0.7% of stimulus packages in developed countries, there are now calls for a debt moratorium as a means of giving a fiscal boost to developing economies.

These various options are worth considering but what they point to is the crucial role of the international community in supporting the efforts of developing countries, including those in Africa to respond appropriately to their development challenges. As the Financial Times put it in its editorial piece on Monday, 1 June 2009, "*Africa's challenges are too great for it to face alone*". Africa needs the international community to keep its commitments in the area of aid, climate change, debt, investment, trade and the rules governing its participation in global economic processes including the Doha Trade Round and reform of the international financial architecture.

The communiqué of the G20 meeting of April 2009 captured several of Africa's concerns including the allocation of new SDRs, gold sales, support for counter-cyclical spending, review of the debt sustainability framework and the provision of more capital for the multilateral development banks, including the African Development Bank. The challenge now is ensuring that these commitments are translated into reality and that the resources promised reach their intended beneficiaries.

There is much that the different regions can learn from one another through exchange of information and experiences and I do sincerely hope that the joint publication of the Regional Commissions will make a meaningful contribution to the discourse on the impact of the financial crisis and potential responses and solutions. Our forte is generating knowledge to guide policy and this timely publication is yet another feather in our collective caps.

Thank you for your kind attention.